

Hearing Date: March 21, 2023 at 10:00 am
Objection Deadline: March 14, 2023 at 4:00 pm

VENABLE LLP
Jeffrey S. Sabin
1270 Avenue of the Americas, 24th Floor
New York, New York 10020
Telephone (212) 503-0896
Facsimile: (212) 307-5598
Email: JSSabin@venable.com

VENABLE LLP
Andrew Currie (*admitted pro hac vice*)
600 Massachusetts Avenue, NW
Washington, DC 20001
Telephone: (202) 344-4586
Facsimile: (202) 344-8300
Email: AJCurrie@venable.com

Counsel to Ignat Tuganov

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

	X	
	:	
In re:	:	Chapter 11
	:	
CELSIUS NETWORK LLC, <i>et al.</i> , ¹	:	Case No. 22-10964 (MG)
	:	Jointly Administered
Debtors.	:	
	:	Re: Dkt. No. 2147
	X	

**RESPONSE TO DEBTORS' MOTION SEEKING ORDER
(I) AUTHORIZING THE DEBTORS TO ENTER INTO WITNESS COOPERATION
AGREEMENTS, (II) AUTHORIZING REIMBURSEMENT OF PAST AND FUTURE
OUT OF POCKET EXPENSES OF COOPERATING WITNESSES AND
(III) GRANTING RELATED RELIEF**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

Ignat Tuganov, a creditor of the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), by and through his undersigned counsel, hereby submits this Response (this “Response”) to the *Debtors’ Motion Seeking Order (I) Authorizing the Debtors to Enter Into Witness Cooperation Agreements With Certain Current and Former Employees, (II) Authorizing Reimbursement of Past and Future Out of Pocket Expenses of Cooperating Witnesses Including Attorneys’ Fees and (III) Granting Related Relief* [Dkt. No. 2147] (the “Expense Motion”) and respectfully represents as follows:

BACKGROUND²

1. On July 13, 2022, certain of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. On December 7, 2022, Debtors GK8 Ltd., GK8 UK Limited, and GK8 USA LLC each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. These chapter 11 cases have been consolidated for procedural purposes only and are jointly administered pursuant to Bankruptcy Rule 1015(b). [Dkt Nos. 53 and 1648] The Debtors continue to operate their businesses as debtors-in-possession under sections 1107(a) and 1108 of the Bankruptcy Code.

2. On July 27, 2022, the United States Trustee for the Southern District of New York appointed an official committee of unsecured creditors [Dkt No. 241] (the “Committee”). On September 29, 2022, the Court entered an order directing the appointment of the Examiner [Dkt No. 920].

3. By the Expense Motion, the Debtors seek an order of this Court authorizing them to reimburse expenses, including attorneys’ fees, incurred by certain current and former

² Capitalized terms not otherwise defined herein have the same meaning as ascribed to those terms in the Expense Motion.

employees (the “Cooperating Witnesses”) in connection with their preparation for, and attendance at, interviews conducted by the Examiner and/or the Committee as part of their Investigations of the Debtors.

RESPONSE

4. While Mr. Tuganov does not object to the relief requested in the Expense Motion, he does submit that, if the estate is going to be paying hundreds of thousands of dollars to reimburse individuals for cooperating with the Investigations, reimbursements that they would not otherwise be granted without showing some substantial benefit to these estates, then creditors should have access to the transcripts of these interviews (subject, perhaps, to execution of a protective order)

5. The information that these Cooperating Witnesses are providing may be critical to creditors, such as Mr. Tuganov, who have timely filed proofs of claim in these chapter 11 cases and who may find the information contained in these interviews necessary or beneficial in connection with the prosecution of their proofs of claim. Having essentially paid for the interviews once (as well as having paid for the cost of the Examiner’s, Committee’s and Debtors’ professionals to prepare for such interviews), creditors should not be forced to incur additional expenses to get the same information through individual discovery. It is only fair and reasonable that, if creditors are bearing the substantial monetary burden of these interviews, then the creditors should have reasonable access to the transcripts of those interviews so that they can also share in the benefits of those interviews.

6. In addition, though the Debtors are requesting approval of the Cooperation Agreements to which they seek to bind Cooperation Witnesses to future cooperation, and pursuant to which the Cooperating Witnesses may request and receive reimbursement of

expenses, the Debtors have not attached a form of such Cooperation Agreement to the Expense Motion. Such form (without individual witness's details) should be provided to interested parties as part of the relief requested in the Expense Motion.

RESERVATION OF RIGHTS

7. Mr. Tuganov reserves all of his rights, claims, defenses, and remedies, including, without limitation, the right to amend, modify, or supplement this Response, and to raise additional arguments regarding the Expense Motion and/or the relief requested therein.

CONCLUSION

8. For the reasons stated herein, Mr. Tuganov respectfully requests that the Court condition the granting of the relief requested in the Expense Motion on permitting access to the transcripts of the Cooperating Witness interviews to creditors who have filed timely proofs of claim in these chapter 11 cases (subject, if necessary, to execution of a protective order), and granting such other and further relief as is just and proper.

Dated: New York, New York
March 14, 2023

VENABLE LLP

By: /s/ Jeffrey S. Sabin
Jeffrey S. Sabin
Carol Weiner Levy
Arie Peled
1270 Avenue of the Americas, 24th Floor
New York, New York 10020
Telephone: (212) 503-0896
Facsimile: (212) 307-5598
Email: JSSabin@venable.com
Email: CWeinerLevy@venable.com
Email: APeled@venable.com

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Andrew J. Currie (*admitted pro hac vice*)
600 Massachusetts Avenue, NW
Washington, DC 20001
Telephone: (202) 344-4586
Facsimile: (202) 344-8300
Email: AJCurrie@venable.com

Counsel for Ignat Tuganov